

# **NEW HAMPSHIRE STATE LIQUOR COMMISSION**

## **MINUTES OF MEETING – JUNE 4, 2003**

**PRESENT:** Commissioners John Byrne and Patricia Russell; John Bunnell, Administrator of Marketing & Sales; Craig Bulkley, Bureau Chief of Administrative Services; Peter Engel, Director of Store Operations; Howard Roundy, Director of Information Technology; Richard Gerrish, Spirits Marketing Specialist; Nicole Horton, Wine Marketing Specialist; George Tsiopras, Chief Financial Officer; Al Picconi, United Beverages, Inc.; Michael Goclawski, Law Warehouse.

**EXCUSED:** Chairman Anthony Maiola

### **I. FINANCIAL & ADMINISTRATIVE REPORTS**

#### **1. Financial Reports**

##### **A. Weekly, Y-T-D Sales Reports:**

The SA1000 report for the week ending June 1, 2003 shows retail sales were up 7.8% over the same week last year, on-premise sales were up 2.4%, off-premise sales were up around 15.2%, and total aggregate sales increased by almost 7.8%. The traffic count was also up by 4,408, as was the average sales ticket by \$.27.

The W-1 Total Weekly Sales report for the same week confirms total sales increased by almost 7.8% or \$446,580 for the week, and increased again for the year by 5.6% or \$16,665,260. Wine sales were up for the week by 9.85% or \$245,474, and were up for the year by 8.93% or \$12,066,344. Sales of spirits were up over the same week last year by 6.2% or \$201,107, and were also up year-to-date by about 2.8% or \$4,603,553.

##### **B. Budget Reports:**

The outstanding depletions and post-offs report dated June 3, 2003 shows there is a continuing problem with one broker in particular. All others accounts are current.

As the pilot agency, the Commission made the first successful e-payment on June 2<sup>nd</sup>. This program could be extended to other state agencies in the future.

Craig will attend today's Governor & Council meeting. The Commission has a request for \$86,000 in transfers and three contracts on the agenda.

The Commission voiced no objection to starting the process of in-housing postings for the Human Resources Administrator and Assistant Director of Information Technology positions beginning tomorrow, although no hires can probably be made before July 1<sup>st</sup>.

The W-6 Expense Budget Activity Variance Report dated June 3, 2003 shows the year to be at about 92.6% expended, with 90.59% of the budget expended. The transfers

into the salaries and benefits categories were approved. George is watching several other line items closely to see how they do as the end of the fiscal year approaches.

The new accounting software package is now in operation; there were just a few problems at the end of the first day. Everything is still on track, with an expected completion of set up by this afternoon.

The American Express contract has been received and will be forwarded to the Attorney General's Office for approval. Approval would lock in interest rates to 2.25%.

The merging of banking accounts is still working well and will enter phase II shortly.

Revenues for the month of May produced \$8.4 million, which exceeded the projection of \$7.7 million. The beer tax was \$100,000 over what was planned. The June estimate will be about \$8.2 million.

George displayed the latest figures on the new gift card program, which seems to be doing very well. The Commission will continue to receive reports every week for now.

2. MIS Report:

The SITP plan is almost completed, and will be delivered today or tomorrow morning.

Rick Farrenkopf, Assistant Director of Information Technology, has handed in his resignation, and will be leaving effective July 10<sup>th</sup>.

Howard gave a brief update on the reorganization of state IT personnel. The development teams would most likely remain at Commission headquarters, while technical support and the help desk would probably experience a change in location and/or duties. Considering the larger state agencies are being closely examined first, Howard did not feel that there would be a serious look at the Commission until January of next year.

Mike Goclowksi said he did a beta test of the new Law system which enables getting a perpetual inventory of product in Law. He explained how this will make it more efficient to track down problems. As of May 26 through tonight, a link of history will be established and kept as part of a year-long history. Commissioner Byrne asked for a simple system to access this report.

**II. MARKETING & SALES REPORTS**

1. Store Operations

The W-8 Sales Analysis by Location report shows that, for the week ending 6/1/03, total store sales increased by \$300,686.29 or 6.61% over the same week last year. Peter noted there were eleven stores with negative variances. He said he would take a hard look at Store #46 Ashland to see what changes can be made to increase sales at that location.

Peter also mentioned the following: the Class 50 allocation for next year has been completed, and there should be no problems; stores are in the third inventory cycle of the year; a Bordeaux event is scheduled to be conducted in Stores #25 Stratham, #6 West Lebanon and #27 Nashua.

Suzan Lehmann of the Attorney General's Office has sent back recommended language regarding the landlord of the new Brookline store's request to have a clause included saying the Commission will not sell beer or tobacco at any future time at the store. Commissioner Byrne asked that this item be addressed next week when the full Commission is present.

Peter referred to an e-mail he sent out earlier to the Commission explaining expenditures for renovations at Store #38 in Portsmouth, of which \$4,600 will be needed for repairs to the front of the store. George Tsiopras has spoken with Tom Smith regarding a list of items which still need to be completed. Monies for this project will lapse at the end of the fiscal year. He recommended that Public Works be utilized to provide services; they will e-mail a breakdown of costs.

Commissioner Russell explained what has been taking place in Keene. The present location has been sold, and the Commission has been given thirty days to vacate. She is anticipating a telephone call from a landlord offering a store front. Personnel will be informed when the move is confirmed. She emphasized that the Keene store is not moving to Swanzey, and asked that this information be passed along. Work is proceeding with the development company to building a new Keene store.

2. Purchasing Report

The current out-of-stock report shows inventory to be in good shape, with the exception of two items which Kathy Hass is handling.

3. Merchandising Report

A. SPIRITS:

1) Test Market Products:

a. Test Market Request (Miller's Reformed London Dry Gin):

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve a request from Martignetti Companies of N.H./

Miller's Gin, Inc. for a new test market product listing for Miller's Reformed London Dry Gin, 750ML size (assigned four-digit Code #3443), as recommended by Richard Gerrish, Spirits Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

b. Test Market Requests (3 Zafarrancho tequilas):

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve a request from United Beverages, Inc./MHW/Vino Imports for new test market product listings for the following three (3) 750ML size products, as recommended by Richard Gerrish, Spirits Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales: Zafarrancho Reposado Tequila(assigned four-digit Code #3644); Zafarrancho Gold Tequila (assigned four-digit Code #3645); and Zafarrancho Silver Tequila (assigned four-digit Code #3646). The motion was unanimously adopted.

c. Test Market Results (Code #5158):

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Liquor Commission grant specialty listing to Code #5158, Oro di Mazzetti Grappa, 750ML size, as this item exceeded the gross profit required for such status at the conclusion of a six-month test market period, as recommended by Richard Gerrish, Spirits Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

2) Delist Appeal (Codes #1043 and #5441):

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission deny an appeal from E & J Gallo Winery to the delisting of Code #5441, E & J Gallo Cask & Cream, 1.75L size, and stand by the decision of May 14, 2003 to delist this product for failure to maintain the required gross profit level, as recommended by Richard Gerrish, Spirits Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

It was further moved by Commissioner Byrne, seconded by Commissioner Russell, that an appeal from United Beverages, Inc. to the delisting of Code #1043, Rutherford 12-Year Old Scotch Ceramic Decanter, 750ML, be tabled for one week, pending further review. The motion was unanimously adopted.

3) One Time Buy (Absolut Vanilia, 50ML):

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve an offer from United Beverages, Inc./Future Brands for the Commission to make a one-time buy of Absolut Vanilia, 50ML size, as recommended by Richard Gerrish, Spirits Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

4) Allied Domecq Family of Brands (July, August):

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve a request from Horizon Beverage Company/Allied Domecq to conduct an Allied Domecq Family of Brands sweepstakes (Summer Sand Bar) promotion, featuring Codes #5364 and #5365, Kahlua, 1.75L and 750ML sizes, Stolichnaya Vodka, 1.75L size and Code #5734, Malibu, 1.75L size effective during July and August 2003, as recommended by Richard Gerrish, Spirits Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

5) July Special Offers (108 items – Horizon Beverage Company):

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve special offers from Horizon Beverage Company, based upon depletions of one hundred and eight (108) spirit items, to be featured on sale during July 2003, as recommended by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

6) Brokers Commissions (Revised) – 6/4/03 Commission Meeting:

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve a draft to revise Administrative Rule 302.01, Listing Application Procedure, as recommended by John Bunnell, Administrator of Marketing & Sales, and that a public hearing be scheduled and brokers be advised of the hearing. The motion was unanimously adopted. (In the interim, broker commissions will only be required for primary source submissions.)

B. WINES:

1) Special Offers:

a. Special Offers for July – September 2003 (2 items – Martignetti):

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve special offers from Martignetti Companies of N.H., based upon depletions of two (2) wine items, to be featured on sale from July through September 2003, as recommended by Nicole Horton, Wine Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

- b. Harley Promotion for August – September 2003 (12 items):

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve special offers from Martignetti Companies of N.H., based upon depletion and special purchase allowances for twelve (12) wine items, to be featured on sale in conjunction with the Harley promotion scheduled for August and September 2003, as recommended by Nicole Horton, Wine Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

- 2) Recommended Wine Specialty Products (17 items):

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve seventeen (17) wine codes to be designated as wine specialty products, to be carried in wine specialty stores, as recommended by Nicole Horton, Wine Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

- 3) Not Recommended – Wine Specialty & Allocated (1 item):

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission table the non-recommendation of one (1) wine code as a wine specialty and allocated product, as recommended by Nicole Horton, Wine Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales, pending further discussion. The motion was unanimously adopted.

- 4) Recommended Allocated & Restricted Wines for Distribution to Selected Stores:

- a. 4 items:

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve four (4) allocated and restricted wine codes for distribution to selected stores, as recommended by Nicole Horton, Wine Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

- b. 14 items:

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve fourteen (14) allocated and restricted wine codes for distribution to selected stores, as recommended by Nicole Horton, Wine Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

- 5) Primary Source Submissions (7 – exclusive agent; 22 – imported):

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve the listing of seven (7) wine codes which are not from primary source, but are offered by the exclusive marketing agent, and twenty-two (22) wine codes which are not from primary source, but are imported, as recommended by Nicole Horton, Wine Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

- 6) Purchase and Distribution of Hardy's Stamp Series (tabled from 5/28/03):

This item remained on the table, pending further negotiations with the broker.

**III. ENFORCEMENT & LICENSING REPORTS – None.**

**IV. CHAIRMAN'S REPORT & LATE ITEMS**

1. Bailment Requests:

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve all previously reviewed requests for bailment releases/transfers dated May 29 through June 4, 2003. The motion was unanimously adopted.

2. Coupon Approvals: None.

3. Late Items:

- a. Jack Daniels Family of Brands (Motorcycle Weekend):

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve a request from Horizon Beverage Company/ Brown-Forman Corporation for approval of family displays of Codes #1233 and #1232, Jack Daniels Black, 1.75L and 750ML sizes, Code #1545, Gentleman Jack, 750ML size, and Code #1237, Jack Daniels Single Barrel, 750ML size, and for the Commission to make a special purchase of Jack Daniels Single Barrel, to be featured as part of a Motorcycle Weekend sweepstakes, as recommended by Richard Gerrish, Spirits Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

- b. Primary Source Submissions (2 items – imported):

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve the listing of two (2) wine codes which are

**NEW HAMPSHIRE STATE LIQUOR COMMISSION  
MINUTES OF MEETING – JUNE 4, 2003**

**Page Eight**

not from primary source, but are imported, as recommended by Nicole Horton, Wine Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

---

John W. Byrne, Commissioner

---

Patricia T. Russell, Commissioner

/D. Hartford



